Supreme Court, U.S.
FILED
MAR 8 1989
CLERK

No. 88-293

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

COMMUNITY FOR CREATIVE NON-VIOLENCE, *et al.*,
Petitioners,

v.

JAMES EARL REID,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

---

REPLY BRIEF FOR PETITIONERS

ROBERT ALAN GARRETT *
TERRI A. SOUTHWICK
ARNOLD & PORTER
1200 New Hampshire Ave., N.W.
Washington, D.C. 20036
(202) 872-6700
Attorneys for Petitioners

Of Counsel:
L. BARRETT BOSS
ASBILL, JUNKIN, MYERS
& BUFFONE, Chartered
1607 New Hampshire Ave., N.W.
Washington, D.C. 20009
(202) 234-9000

March 8, 1989

* Counsel of Record

WILSON - EPES PRINTING CO., INC. - 789-0096 - WASHINGTON, D.C. 20001

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
ARGUMENT	1
A. Respondent Has Mischaracterized CCNV's Position	4
B. The "Formal, Salaried Employee" Theory Does Not Have The Benefits Or Effect Alleged By Respondent	7
C. Respondent Has Provided An Incomplete And Misleading Picture Of The 1976 Act's Legislative History	10
D. Respondent Has Inaccurately Portrayed The State Of "Scholarly Commentary"	16
CONCLUSION	19
APPENDIX	
Letter from Ralph Oman, Register of Copyrights, to Senator Thad Cochran (August 21, 1986)	1a

TABLE OF AUTHORITIES

CASES: Page

Aldon Accessories Ltd. v. *Spiegel, Inc.*, 738 F.2d 548 (2d Cir.), *cert. denied*, 469 U.S. 982 (1984) ..*passim*

Brattleboro Publishing Co. v. *Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966) 12

Dumas v. *Gommerman*, No. 87-6542 (9th Cir. Jan. 13, 1989) .....*passim*

Fortnightly Corp. v. *United Artists Television, Inc.*, 392 U.S. 390 (1968) 4

Kelly v. *Robinson*, 479 U.S. 36 (1986) 14

Mills Music, Inc. v. *Snyder*, 469 U.S. 153 (1985)..... 14

Securities Industry Ass'n v. *Board of Governors of the Federal Reserve System*, 468 U.S. 137 (1984) 3

Sigwart v. *Ringling Brothers*, 1984 Copyright Law Dec. (CCH) ¶ 25,717 (C.D. Cal. 1984) 9

Sony Corp. v. *Universal City Studios, Inc.*, 464 U.S. 417 (1984) 4

Teleprompter Corp. v. *CBS, Inc.*, 415 U.S. 394 (1974) 4

Tobani v. *Carl Fischer, Inc.*, 36 U.S.P.Q. 97 (S.D. N.Y. 1937), *aff'd as modified*, 98 F.2d 57 (2d Cir.), *cert. denied*, 305 U.S. 650 (1938)..... 12

ADMINISTRATIVE REGULATIONS:

26 C.F.R. § 31.3121(d)-1(c) (1988) 9

26 C.F.R. § 31.3306(i)-1(b) (1988) 9

26 C.F.R. § 31.3401(c)-1(b) (1988) 9

LEGISLATIVE MATERIALS:

Preliminary Draft for Revised U.S. Copyright Law and Discussion and Comments on the Draft, 88th Cong., 2d Sess. (Comm. Print 1964).....13, 14, 15

Further Discussions and Comments on Preliminary Draft for Revised U.S. Copyright Law, 89th Cong., 2d Sess. (Comm. Print 1964) 13, 16

1964 Revision Bill with Discussion and Comments, 89th Cong., 1st Sess. (Comm. Print 1965) 13, 16

TABLE OF AUTHORITIES—Continued

Page

Hearings Before Subcomm. No. 3 of the House Comm. on the Judiciary on H.R. 4347 *et al.*, 89th Cong., 1st Sess. (1965) 13, 16

Hearings Before the Subcomm. on Patents, Trademarks and Copyrights of the Senate Comm. on the Judiciary on S. 597, 90th Cong., 1st Sess. (1967) 15

Hearings Before the Senate Comm. on the Judiciary on S. 2044, 97th Cong., 2d Sess. (1982)..... 3

H.R. Rep. No. 1476, 94th Cong., 2d Sess. (1976)..10, 11, 16

H.R. Rep. No. 2237, 89th Cong., 2d Sess. (1966).... 16

S. Rep. No. 473, 94th Cong., 1st Sess. (1975) 10

B. Varmer, *Works Made for Hire and on Commission*, Copyright Office Study No. 13, 86th Cong., 2d Sess. (Comm. Print 1960) 8, 13, 16

STATUTES:

17 U.S.C. § 101 .....*passim*

17 U.S.C. § 105 8

17 U.S.C. § 108 8

MISCELLANEOUS:

1980 ABA Sec. Patent, Trademark and Copyright L. Rep. 18

Angel & Tannenbaum, *Works Made For Hire Under S. 22*, 22 N.Y.L. Sch. L. Rev. 209 (1976)..... 17

N. Boorstyn, *Copyright Law* (1981)..... 18

Hardy, *Copyright Law's Concept of Employment—What Congress Really Intended*, 35 J. Copyright Soc'y 210 (1988) 9

H. Henn, *Copyright Law* (2d ed. 1988) 18

Letter from Register of Copyrights to Senator Cochran (August 21, 1986) 2, 12

Letter from Associate Register of Copyrights for Legal Affairs to Senator Cochran (January 25, 1983) 2

Litman, *Copyright, Compromise, and Legislative History*, 72 Cornell L. Rev. 857 (1987) 14

TABLE OF AUTHORITIES—Continued

	Page
Nimmer on Copyright (1988)	5, 17
W. Patry, *Latman's The Copyright Law* (6th ed. 1986)	10
Restatement (Second) of Agency § 219 (1958)	8
Restatement (Second) of Agency § 220 (1958)	9
Stein, *Termination of Transfers and Licenses Under the New Copyright Act: Thorny Problems for the Copyright Bar*, 24 U.C.L.A. L. Rev. 1141 (1977)	17
W. Strong, *The Copyright Book: A Practical Guide* (1981)	18

IN THE
Supreme Court of the United States
OCTOBER TERM, 1988

No. 88-293

COMMUNITY FOR CREATIVE NON-VIOLENCE, *et al.*,
Petitioners,
v.
JAMES EARL REID,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

REPLY BRIEF FOR PETITIONERS

Once again Respondent has changed his definition of what constitutes a work for hire employment relationship. Before the District Court, he agreed with Petitioners that the relevant question is whether CCNV had the right to control the production of "Third World America"; thus, with both parties in agreement, the case was tried on the basis that the 1976 Copyright Act did not change the established judicial definition of copyright employment. Petitioners' Br. 10. When he lost on the facts, Reid shifted before the Court of Appeals to an agency law definition. Now, perhaps recognizing that agency law also turns on control,[1] he advances before

[1] *See* Brief Amici Curiae of the American Soc'y of Magazine Photographers *et al.* in Support of Respondent ("ASMP" Br.) 27-28 (objecting to common law agency definition because it turns on control); Petitioners' Br. 36-40.

this Court a third definition—that only "formal, salaried employees" may be work for hire employees.

Reid is not alone in his inconsistency. Until a few weeks ago, the Copyright Office repeatedly advised Congress and the public that:

> —The Copyright Act of 1976 retains intact the "historic" judicial approach to determining the existence of a work for hire employment relationship.
>
> —The "crucial question" in such cases is whether the employer "has the right to direct and supervise how the work is performed, and not the nature of compensation paid to an employee."
>
> —The term "employee" in the 1976 Act is *not* confined to "formal, salaried employees."
>
> —It would be unwise, as a matter of policy, to adopt a "formal, salaried employee" amendment to the 1976 Act. Such an amendment would represent a "marked departure" from what has been the "best guideline for regulating employer-employee rights"; it would seriously disrupt "long-standing business practices"; and it would create potential "loopholes" where works are prepared for "voluntary societies . . . ."[2]

Countless numbers of business relationships have been predicated upon the above guidance from the Copyright Office. But now, on the eve of Congressional hearings to consider amendments to the work for hire provisions, the Copyright Office has changed its policy and has done a complete about-face on what the 1976 law means. The Copyright Office has used its amicus brief before the

---

[2] Letter from Register of Copyrights to Senator Cochran, dated Aug. 21, 1986 (Appendix hereto 1a-2a); Letter from Associate Register of Copyrights for Legal Affairs to Senator Cochran, dated Jan. 25, 1983 (Appendix to Petitioners' Br. 5a-6a). The same guidance has been communicated to the public generally through various Copyright Office publications, *see* Petitioners' Br. 42-43 n.21, and letters to private parties.

Court to announce the repudiation of its long-held interpretation of the 1976 Act's work for hire provisions.[3]

Certain of the artist organizations supporting Reid also assert views of the 1976 Act at odds with those they advanced in 1982, when they unsuccessfully urged Congress to enact a "formal, salaried employee" amendment. *Compare Hearings Before the Senate Comm. on the Judiciary on S. 2044*, 97th Cong., 2d Sess. 40-41 (1982) ("1982 Hearings") (statement of ASMP and Graphic Artists Guild that common law standards "must be used" under the 1976 Act), *with* ASMP Br., *supra* note 1. Like Reid and the Copyright Office, they have suddenly discovered a new and different Congressional "intent." This born-again approach to statutory construction, however, is predicated upon dissatisfaction with the law as written in 1976 (*see generally* 1982 Hearings at 2-47), and upon policy considerations which were not presented to Congress during its consideration of the 1976 copyright revision legislation and which, to date, have not been accepted by Congress.

---

[3] The Copyright Office brushes aside its flip-flop with nothing more than the casual observation—in a footnote—that its guidance to Congress and the public (provided repeatedly over the years) was not based on a "detailed examination" of the Act. Copyright Office Br. 9 n.5.

For more than a decade, some two dozen different courts considered the meaning of the work for hire provisions in the 1976 Act before any court saw fit to adopt the "formal, salaried employee" approach; only one court has done so. *See Dumas* v. *Gommerman*, No. 87-6542 (9th Cir. Jan. 13, 1989). The Copyright Office insists, however, that the Act is *clear on its face* and admits of *no construction* other than the "formal, salaried employee" theory. Copyright Office Br. 9-12. Apparently, a "detailed" examination of the Act is not necessary.

The Copyright Office's current interpretation, based on a last minute change of views, is not entitled to any significant weight. *Securities Industry Ass'n* v. *Board of Governors of the Federal Reserve System*, 468 U.S. 137, 143-44 (1984).

Perhaps now, with the change in position of the Copyright Office, Congress will alter the historic judicial approach and will adopt some type of "formal, salaried employee" amendment. But Congress did not do so in the 1976 Act. All of the eleventh hour vacillation in legal theories confirms that Congress was never requested—and never intended—in the 1976 Act to "radically revise," *CCNV*, 846 F.2d at 1494, the settled interpretation of what constitutes an employment relationship under the copyright laws.[4] In urging the Court, rather than Congress, to make such a "radical revision," Reid and his amici provide an incomplete and misleading picture of CCNV's position; the nature and implications of their "formal, salaried employee" approach; the legislative history of the 1976 Act; and the state of legal commentary on this issue.[5]

A. Respondent Has Mischaracterized CCNV's Position

Reid and his supporters attack a position which CCNV never advances. They assume that "Third World America" is a "commissioned work"—an assumption predicated upon a definition of that term so expansive that it would include even works of "formal, salaried" employ-

---

[4] The Court has been reluctant to give a new meaning to the copyright laws in the absence of clear Congressional guidance. *See Sony Corp.* v. *Universal City Studios, Inc.*, 464 U.S. 417 (1984); *Teleprompter Corp.* v. *CBS, Inc.*, 415 U.S. 394 (1974); *Fortnightly Corp.* v. *United Artists Television, Inc.*, 392 U.S. 390 (1968).

[5] It is, of course, the responsibility of Congress to balance the conflicting policy considerations raised by the Copyright Office here with those advanced by the Copyright Office before Congress in the past. However, nothing in the historic judicial approach, as advocated by CCNV, precludes parties from agreeing at the outset on their rights. Where the parties fail to do so, the same guidelines that the courts have applied for years will be available to determine the existence of an employment relationship.

ees.[6] They then incorrectly attribute to CCNV the argument that commissioned works may be placed into the employment category of Section 101(1) whenever the creation of such works is supervised by the hiring party. Copyright Office Br. 6.

CCNV has not argued that "specially ordered or commissioned works" come within subdivision (1). Nor, contrary to the Copyright Office Br. 7, does the Second Circuit in *Aldon* suggest that "commissioned" works may be "employee" works. CCNV does not dispute Reid's view that Congress intended to draw a line between works prepared by an "employee within the scope of his employment," on the one hand, and works "specially ordered or commissioned," on the other. The question here is whether "Third World America" falls on the employment side of that line.

"Third World America" may be labelled a "commissioned work" only by disregarding the trial record and findings of the District Court. The relationship between Reid and CCNV was characterized by the hallmarks of any "traditional" employment relationship (particularly when accounting for CCNV's status as a non-profit, voluntary association of individuals)—

> —During a seven-week period, Reid worked exclusively for CCNV. He worked on a full-time basis sculpting his portion of "Third World America,"

---

[6] The Copyright Office defines a commissioned work as one "created upon the order or request of a party other than the author." Copyright Office Br. 10. It also quotes 1 *Nimmer on Copyright* § 5.03[B][2][d] at 5-26 (1988), to the effect that: "In the ordinary case where one person is requested by another to prepare a copyrightable work, a commissioned relationship exists." The Copyright Office omits the next sentence from Nimmer: "The surrounding circumstances, however, may indicate that this is not the case." *Id.* CCNV's position is that, under all the "surrounding circumstances" of this case, an employment—not commissioned—relationship existed between CCNV and Reid.

while others, with CCNV, completed the remainder of the work.

—CCNV (in periodic installments) paid all of Reid's expenses, which he claimed totalled $15,000. CCNV paid, *inter alia*, the rent on his studio; the cost of the services of Reid's dozen "assistants"; and the costs of materials.

—In return for payment of his expenses and other consideration (identification with a well-publicized work and worthwhile cause), Reid said he would volunteer his services and forego a "salary" as such. In this regard, Reid was treated no differently from anyone else who is a member of or otherwise volunteers to assist CCNV in finding creative means to help the homeless.

—CCNV set the schedule that Reid was required to meet. When Reid missed the initial deadline, his offer to release "Third World America" "as is" was rejected by CCNV, and he was told to complete the work in a "first class" manner.

—CCNV closely monitored each stage of Reid's progress, by requiring him to submit sketches and photographs of his work; frequently inspecting the progress of the work; having Reid visit the streets of Washington, D.C. to observe the homeless in the setting CCNV wished to capture; and maintaining a constant liaison with Reid through the artist Tom Lewis, whom CCNV initially contacted about preparing "Third World America."

—From the outset, CCNV defined in detail the nature and scope of the project and Reid's role. Every significant aspect of "Third World America" was directed by CCNV. Throughout, Reid followed each of CCNV's instructions. He produced precisely what CCNV, not he, wanted in order to convey the message CCNV intended.[7]

[7] Reid complains that, under CCNV's view, he was "involuntarily" and "unknowingly" converted from an "independent contractor" to an "employee." Respondent's Br. 8-9, 13-14. There was nothing involuntary or unknowing about Reid's acceptance of not only CCNV's financial and creative support, but of CCNV's supervision and control as well. Furthermore, as the District Court's findings establish, the entire "tenor of the enterprise" was such that Reid must have known from the outset that CCNV—not he— had the right of "artistic control" over "Third World America." *CCNV*, 652 F. Supp. at 1455 n.3.

Under the historic judicial approach (which focuses on the totality of circumstances with the right to control as the critical factor), Reid and CCNV unquestionably had an *employment*, not commissioned, relationship. The District Court so found; the Court of Appeals (in dicta) agreed with that finding; and neither Reid nor anyone else has challenged that finding before this Court. For the reasons set forth in CCNV's opening brief, the 1976 Act maintains this historic approach. *See* Petitioners' Br. 18-30. However, the circumstances of this case also satisfy the Fifth and D.C. Circuits' agency law approach and the Ninth Circuit's "formal, salaried employee" approach. *See* Petitioners' Br. 38-40, 43; pages 8-10 *infra*.

B. The "Formal, Salaried Employee" Theory Does Not Have The Benefits Or Effect Alleged By Respondent

Reid and his amici tout the newly-discovered "formal, salaried employee" approach as a "bright line" standard with a "simple," "well-understood" meaning. Each, however, offers a different definition of a "formal, salaried employment" relationship. Reid maintains that such a relationship exists only if the artist: 1) is hired "at a regularly paid salary"; 2) works over a "long, indefinite time period"; and 3) "often" receives "benefits such as health insurance, paid vacation, sick leave and retirement." Respondent's Br. 24. The Copyright Office, on the other hand, insists that the artist: 1) work on more than one project; 2) have an "ongoing relationship" with the hiring party, "involving a specific stream of services"; and 3) not be "free to create like works for others." Copyright Office Br. 10-12.[8] The Copyright Of-

[8] Respondent does not accept this definition. He specifically refers to Tom Lewis, the homeless activist artist who served as a liaison

fice argues that "Third World America" is not an employee work because Reid and CCNV had no "business relationship" before or after the work's production. *Id.* at 12.[9]

Reid and his amici urge the Court to adopt *Dumas* v. *Gommerman*, No. 87-6542 (9th Cir. Jan. 13, 1989). But the Ninth Circuit advances still another set of factors. The Ninth Circuit does not adopt the Copyright Office's "single project" theory; nor does it accord decisional

---

between Reid and CCNV, as "Reid's employee," Respondent's Br. 3 n.2—even though Lewis was hired solely to work on "Third World America" and had no "ongoing relationship" with Reid.

The Copyright Office's third criterion begs the question; whether the artist is free to create similar works will, of course, depend upon who owns the copyright in the original work.

[9] The same might be said even with "formal, salaried employees" —such as where they are hired to work on a single project, or quit or are fired after working on one project. The Copyright Office's single project exclusion is predicated upon what it claims to be the "ordinary meaning" of the term "scope of employment." This so-called "ordinary meaning" would immunize from tort liability every employer whose employees work only on a single project. *See* Restatement (Second) of Agency § 219 (1958) (employer liable for acts of employees within "scope of their employment"). It also would produce absurd results in other areas of copyright. *See* 17 U.S.C. § 108 (exempting from copyright infringement liability libraries whose "employees" photocopy works "within the scope of their employment"); 17 U.S.C. § 105, 101 *discussed in* Petitioners' Br. 34-35 (works of government employees within scope of their employment are not copyrightable).

Contrary to the new definition proposed by the Copyright Office, the term "scope of employment" was simply intended to "make it clear that works created by an employee on his own initiative outside of his employment, are not included" within the work for hire definition. B. Varmer, *Works Made for Hire and on Commission*, Copyright Office Study No. 13, 86th Cong., 2d Sess. 141 (Comm. Print 1960) ("1958 Varmer Study"). *See also id.* at 140 & n.52 (one may be an "employee" even if hired "specifically for the purpose of making a particular invention").

significance to Reid's "salary and benefits" criteria. The Ninth Circuit says that the courts must look to

> such things as (1) whether the artist worked in his or her own studio or on the premises of the buyer; (2) whether the buyer is in the regular business of creating works of the type purchased; (3) whether the artist works for several buyers at a time, or exclusively for one; (4) whether the buyer retains authority to assign additional projects to the artist; (5) the tax treatment of the relationship by the parties; (6) whether the artist is hired through the channels the buyer customarily uses for hiring new employees; (7) whether the artist is paid a salary or wages, or is on a flat fee; and (8) whether the artist obtains from the buyer all benefits customarily extended to regular employees.

Dumas, slip op. 319 (footnotes omitted). Ironically, the Ninth Circuit claims to reject the agency law test in defining the term "employee"; yet, several of the *Dumas* factors are taken directly from the Restatement (Second) of Agency § 220 and are satisfied in this case. *See* Petitioners' Br. 40 n.19. The Ninth Circuit also claims to reject supervision and control as a factor, saying it would not "ordinarily" be relevant. *Dumas*, slip op. 319. Yet, one of the *Dumas* factors—(5) tax treatment—would be determined, under relevant IRS regulations, by whether the hiring party has the right to control and to direct the artist's work.[10]

The commentary on which Reid and the Copyright Office rely also does not support either of their definitions. *See, e.g.*, Hardy, *Copyright Law's Concept of Employment—What Congress Really Intended*, 35 J. Copyright Soc'y 210, 250 & n.169 (1988) (concluding that "free-lance" artist in *Sigwart* v. *Ringling Brothers*, 1984 Copy-

---

[10] *See* 26 C.F.R. § 31.3401(c)-1(b) (1988) (Federal Withholding Tax); 26 C.F.R. § 31.3121(d)-1(c) (1988) (FICA); 26 C.F.R. § 31.3306(i)-1(b) (1988) (Federal Unemployment Tax).

right Law Dec. (CCH) ¶ 25,717 (C.D. Cal. 1984) was a "formal, salaried employee" of an advertising agency—even though that "freelancer" worked only four weeks for the agency and on a single advertising project).[11]

In short, the "formal, salaried employee" approach does not provide greater certainty than the historic judicial approach. It simply emphasizes somewhat different factors which must be taken together and evaluated by the trier of fact to determine the existence of an employment relationship; there is no consensus on the nature or weight to be attributed to the possible factors. Under these circumstances, it would be particularly inappropriate for the Court to displace the historic judicial approach with one whose dimensions are completely unknown—and thereby upset years of business relationships predicated upon Copyright Office guidance and case law.

C. Respondent Has Provided An Incomplete And Misleading Picture Of The 1976 Act's Legislative History

1. The Copyright Office contends there is no "evidence that Congress actually intended to enact the [historic] judicial definition of 'employment' . . . ." Copyright Office Br. 23. But, the House and Senate Judiciary Committees expressly stated that the 1976 Act "adopts one of the basic principles of the present law: that in the case of works made for hire the employer is considered the author of the work . . ." and that this principle is "well established in American copyright law." H.R. Rep. No. 1476, 94th Cong., 2d Sess. 121 (1976) ("1976 House Report"); S. Rep. No. 473, 94th Cong., 1st Sess. 104

[11] *See also* W. Patry, *Latman's The Copyright Law* 122, 125 (6th ed. 1986) (Subdivision (1) is "limited to salaried *or like employees*." Noting that the "gray areas" may be resolved by reference to the treatment of the individual for "tax and related purposes," author cites certain state employment statutes; the Restatement of Agency; and judicial authority for the proposition that "a volunteer may be [a work for hire] employee") (emphasis added).

(1975). These are not the statements of a Congress intent upon "radically revising" existing law on copyright employment. *See Aldon*, 738 F.2d at 552.

Absent from the Copyright Office brief (as well as from the briefs of Reid and all his amici) is any mention, let alone discussion, of the above report language. The Copyright Office likewise avoids reference to the statement of one of its former Registers that the 1961 Register's Report "in essence recommends that the present law be retained." Petitioners' Br. 26. *See also* pages 14-15 & n.17 *infra* (statements of involved parties not considered by Reid and Copyright Office).[12]

Reid and his amici assert that Congress in 1976 did adopt the existing law, but only as it existed up to 1965. *See* Respondent's Br. 36-37, 41; Copyright Office Br. 13-15. They argue: 1) prior to 1965 the courts had applied work for hire "only," "solely" and "exclusively" to "regular, salaried employees," Copyright Office Br. 8, 13, 24; and 2) the case law to which CCNV points did not develop until after 1965—the year in which Reid says Congress became oblivious to all further judicial authority in this area. Again, these assertions are belied by the facts which Reid and the Copyright Office fail to consider.

As a former Register of Copyrights noted in 1960 and 1963, the courts had *not* confined work for hire to "salaried" employees. Petitioners' Br. 27 n.10. Furthermore, as Professor Nimmer observed, the historic judicial approach (which focuses upon the right to control in determining employment for copyright purposes) was

[12] Contrary to the impression left by the Copyright Office Br. 23 n.18, Congress *expressly* identified instances in which it intended to overrule existing law. *See* 1976 House Report at 52 (form of fixation); *id.* at 64 (definition of "publicly"); *id.* at 88-89 (definition of "performance"); *id.* at 124 (distinction between copyright and material object); *id.* at 157 (registration as prerequisite to infringement action).

settled well before 1965. *Id.* at 26-27. Indeed, the Register of Copyrights noted in his August 21, 1986 letter to Congress that the "historic standard of the right to supervise and determine the final work" is a guideline that "has been part of our copyright laws for almost 100 years." Appendix hereto 2a.[13]

2. It would not have been difficult for Congress to place the adjectives "formal" and "salaried" before the word "employee" in Section 101(1). But no reference to "formal, salaried employees" can be found in the Act or, for that matter, in any of the seven Congressional committee reports or the four Register of Copyright reports generated in connection with the copyright law revision process. No instance can be found where any

[13] In *Tobani* v. *Carl Fischer, Inc.*, 36 U.S.P.Q. 97 (S.D.N.Y. 1937), *aff'd as modified on other grounds*, 98 F.2d 57 (2d Cir.), *cert. denied*, 305 U.S. 650 (1938), the district court held that an arranger of musical compositions (who initially was paid a "salary" but later received compensation on a "piece price basis") was an employee under the 1909 Act's work for hire provision (for each of his works, including those prepared while not on salary). The court reasoned:

> Tobani was employed for the specific purpose of making arrangements for musical compositions; *he was at all times under the direction and supervision of Fischer; his work was invariably performed in connection with a particular arrangement or assignment*; and he was fully paid for his services .... It is idle, therefore, to try and spell out of the relation anything more than an ordinary hiring for pay.

36 U.S.P.Q. at 98 (emphasis added).

Reid and his amici obfuscate the issue by claiming that CCNV relies upon a line of cases beginning with *Brattleboro Publishing Co.* v. *Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966), which held that any *commissioned* work is a work for hire. *See* Copyright Office Br. 23-25 & n.22. CCNV, however, has already made clear that it does not—and need not—contend that this separate line of cases was incorporated into the 1976 Act. *See* Petitioners' Br. 29-30; Petition for Writ of Certiorari 19-20; *accord Aldon*, 738 F.2d at 552.

party, during the several Congressional hearings from 1965 to 1973, testified that the term "employee" should mean only "formal, salaried employees." This notion was not advanced during any of the floor debates. Likewise, one searches the 1976 legislative record in vain for any reference to the "predictability" policy arguments now advanced by the Copyright Office and Reid. Artists were instead concerned about retaining copyright where they prepare a work of their "own independent creation" and the hiring party does nothing more than "asks or suggests" that the work be prepared or simply "pa[ys] the money" for the work.[14]

Reid and his amici rely upon remarks made by certain lobbyists during discussions with the Copyright Office in 1963 and 1964. Respondent's Br. 34-35; Copyright Office Br. 16.[15] Their position is that Congress in 1976 understood the term "employee" to mean only what the lobbyists had in mind some twelve years earlier—not what the courts had said as of the time the 1976 Act was passed. But the snippets quoted by Reid and the Copyright Office provide a misleading impression. With one exception, each remark was made orally during roundtable discussions with the Copyright Office—

[14] *See Preliminary Draft for Revised U.S. Copyright Law and Discussion and Comments on the Draft*, 88th Cong., 2d Sess. 274 (Comm. Print 1964) ("1963 Preliminary Draft and Comments"); *Further Discussions and Comments on Preliminary Draft for Revised U.S. Copyright Law*, 89th Cong., 2d Sess. 313 (Comm. Print 1964) ("1964 Further Discussion"); *1964 Revision Bill with Discussion and Comments*, 89th Cong, 1st Sess. 147-48 (Comm. Print 1965) ("1964 Revision Bill and Comments").

[15] Reid also cites a witness who testified during the 1965 House Hearings. *See* Respondent's Br. 35. But this witness explicitly recognized that the term "employee" is broader than "staff employee" and also includes "a worker employee under the usual acceptation of the term 'a work made for hire.'" *Hearings Before Subcomm. No. 3 of the House Comm. on the Judiciary on H.R. 4347 et al.*, 89th Cong., 1st Sess. 166 (1965). Reid also mistakenly relies upon the 1958 Varmer Study, on which CCNV already has commented. Petitioners' Br. 27 n.10.

discussions which the Register of Copyrights assured the participants would be "informal" and "unofficial." 1963 Preliminary Draft and Comments at 256 (statement of Abraham Kaminstein); *see also id.* at Foreword (Chairman of House Judiciary Committee cautioned that the "committee neither approves nor disapproves any of the views expressed" in these discussions). This Court has properly refused to accord significance to statements of this nature. *See Kelly* v. *Robinson*, 479 U.S. 36, 51 n.13 (1986).[16]

Furthermore, not one of the remarks cited by Reid was addressed to the question how the term "employee" should be defined in the work for hire provisions. Rather, in each case, the speaker was advancing the extreme case to support an argument concerning other matters. For example, the book publishers' representative, Horace Manges, urged the Copyright Office not to exclude commissioned works from the work for hire definition; he argued that otherwise there "would be a necessity of putting people on the payroll." 1963 Preliminary Draft and Comments at 259. Manges may have considered it "necessary" to place people "on the payroll" because he believed that to be the clearest way of evidencing an employment relationship; but, as the courts have recognized, it is not the only way. Irwin Karp of the Authors League thus sought to allay "Mr. Manges' alarm and concerns," by assuring that the Register's recommendations would not change existing law. As Karp explained, there should be no

> quarrel with the distinction between works written under employment for hire and works made on commission. [*The Copyright Office is*] *merely reflecting here in the statute what the courts have said as to what the phrases mean.*

Id. at 262 (emphasis added).[17]

In any event, even if all the lobbyists had "understood" that "employee" means only "formal, salaried employee" —and even if they were all of one mind as to what this term was to mean (*but see* pages 7-10 *supra*)—they failed to incorporate their "understanding" into their 1965 compromise agreement upon which Reid and the Copyright Office rely. *See* Copyright Office Br. 25 n.22 (work for hire provisions "reflect exactly the [1965] compromise"); Respondent's Br. 35-37; ASMP Br. 7. Nothing in that agreement provides any definition whatsoever of the term "employee"—let alone one that repudiates the historic judicial approach.

3. According to the Copyright Office, Congress accorded special status to certain categories of commissioned works in subdivision (2) because those works, like

---

[16] The notion that the Copyright Act should be construed in accordance with the understanding of the private parties is advanced in Litman, *Copyright, Compromise, and Legislative History*, 72 Cornell L. Rev. 857 (1987)— relied upon extensively by Reid, his amici and the Ninth Circuit in *Dumas*. As Professor Litman acknowledges, her theory is at odds with the Court's decision in *Mills Music, Inc.* v. *Snyder*, 469 U.S. 153 (1985). Litman, *supra*, at 902 (Court construed the 1976 Act differently from the private parties during their discussions with the Copyright Office); *see* Brief for Respondents in *Mills Music* 38-42 (relying upon statements of such parties).

[17] Leon Kellman of the American Guild of Authors aligned himself with Karp: "There has been much litigation and many disputes as to whether or not the writer wrote it as an employee for hire. The circumstances under which a songwriter or musician will work for a publisher or other musical organization may be quite loose. He may work in various capacities. He may work nonexclusively." *Id.* at 268. *See also id.* at 274 (statement of counsel that courts had found work for hire employment relationships where the artist "receives compensation and is subject to control and regulation by the person for whom he performs the work"); *Hearings Before the Subcomm. on Patents, Trademarks and Copyrights of the Senate Comm. on the Judiciary on S. 597*, 90th Cong., 1st Sess. 895 (1967) ("Let it not be assumed that employment for hire necessarily means that the composer is provided with a steady job carrying an annual income. On the contrary, that kind of situation is as rare as uranium.").

employee works, are "'prepared at the employer's initiative and risk and under his direction.'" Copyright Office Br. 20, *quoting* H.R. Rep. No. 2237, 89th Cong., 2d Sess. 116 (1966) ("1966 House Report").[18] The Copyright Office's reliance upon this passage is made in a vacuum, without considering the very nature of the subdivision (2) categories—all of which involve composite works with multiple contributors (such as movies and encyclopedias).

A publisher, for example, may "direct" the overall compilation of an encyclopedia containing thousands of individually copyrightable works. However, his relationship to each of the thousands of contributors would not likely satisfy the historic test of employment in each case. *See* Petitioners' Br. 33 & n.14. Thus, as the legislative history reflects, subdivision (2) is necessary to avoid the intense practical difficulties associated with potentially different copyright owners for each of the several works which are part of a composite work.[19] That Congress accorded special status to certain commissioned works in subdivision (2) does not mean that Congress intended to abandon the historic test for determining the existence of subdivision (1) employment relationships.

D. Respondent Has Inaccurately Portrayed The State Of "Scholarly Commentary"

To support his contention that the "scholars" have "overwhelmingly" rejected the historic approach reflected

[18] A careful examination of the 1966 House Report shows that the Committee was summarizing an argument made by publishers on this point. Contrary to the Copyright Office's representation, the Committee did not "state" its agreement with this argument. The passage quoted by the Copyright Office does not appear in the final 1976 House Report—or in any of the House or Senate committee reports issued after 1967.

[19] *See, e.g.*, 1965 House Hearings at 1458; 1964 Further Discussion at 279-89; 1964 Revision Bill and Comments at 149-50; 1958 Varmer Study at 141.

in *Aldon*, Reid cites articles written by counsel for some of his own amici; counsel for the losing party in *Aldon*; and certain others. Respondent's Br. 17-19. He then recites the same commentary as advocating a "formal, salaried employee" approach. *Id.* at 26-27. According to the Copyright Office, "every commentator" has concluded that all parties intended "subdivision (1) to refer solely to regular, salaried employees." Copyright Office Br. 16-17.

These claims might have credibility only if one ignores much of what has been written in the area, including the most authoritative treatise on copyright law. Professor Nimmer, in a passage disregarded by Reid and his allies, rejects the view that subdivision (1) refers only to "formal, salaried employees":

> *In determining whether a work is written in an employment relationship, it is unimportant whether or not the putative employee is a regular or formal employee*, and the nature of the compensation paid to the writer is not necessarily determinative. Thus one may be an employee regardless of whether he is paid on the basis of a conventional periodic salary . . . or even if the writing is done as an accommodation with no compensation at all. *The crucial question in determining an employment relationship is whether the alleged employer has the right to direct and supervise the manner in which the writer performs his work.*

1 *Nimmer on Copyright* § 5.03[B][1][a] (1988) (emphasis added). As Professor Nimmer also recognizes, the law on this point is the same under the 1976 Act as under the 1909 Act. *See* Petitioners' Br. 26-27.[20]

[20] *Accord* Angel & Tannenbaum, *Works Made for Hire Under S. 22*, 22 N.Y.L. Sch. L. Rev. 209, 239 (1976) (Courts construing 1976 Act should "follow the guidelines established by prior decisions which hold, *inter alia*, that to qualify as a work for hire, the employer or other person must possess the power or right to supervise and direct the creation of the work"); Stein, *Termination of Transfers and Licenses Under the New Copyright Act: Thorny Prob-*

Virtually all of the commentary on which Reid relies was published during the last few years, and only after artist groups petitioned Congress in 1982 to adopt a "formal, salaried employee" amendment. The commentators who considered the matter at the time of passage of the 1976 Act took a different view, recognizing that the 1976 Act codifies prior law on the meaning of a work for hire employee. *See* note 20 *supra*. Like Reid, the Copyright Office and various artist groups, "scholars" sympathetic with artists have suddenly discovered a Congressional "intent" which never existed.

---

lems for the Copyright Bar, 24 U.C.L.A. L. Rev. 1141, 1174-75 (1977) (1976 Act's "definition of a work made for hire in the employer-employee situation essentially codifies existing law" where an "important indicium of such an employment relationship is whether the 'employer' has the right to direct and supervise the work of the writer-employee"); 1980 ABA Sec. Patent, Trademark and Copyright L. Rep. 153 (it is "assumed" that subdivision (1) "will be construed in accordance with decisional law under the 1909 Act"); H. Henn, *Copyright Law* 72 (2d ed. 1988) ("[T]he basic question [is] whether the alleged employer controlled or had the right to control the manner in which the writer performed the services"); W. Strong, *The Copyright Book: A Practical Guide* 26 (1981) (Full-time staff writer is clearly a work for hire employee. "But what about someone who is hired for a single project, paid by the job—or not paid at all—and dismissed? The critical factor here would be the extent of the employer's control over the person's work.") (footnotes omitted); N. Boorstyn, *Copyright Law* 84 (1981) ("The power to control or supervise the employee's work is the 'hallmark' of an employee for hire relationship") (footnote omitted).

CONCLUSION

The efforts of artists to replace the existing judicial approach (which focuses on creative control) with a different approach (which focuses on the economic benefits accorded the artist) should be directed to Congress, and not to this Court. The judgment of the Court of Appeals should be reversed.

Respectfully submitted,

ROBERT ALAN GARRETT *
TERRI A. SOUTHWICK
ARNOLD & PORTER
1200 New Hampshire Ave., N.W.
Washington, D.C. 20036
(202) 872-6700
Attorneys for Petitioners

Of Counsel:
L. BARRETT BOSS
ASBILL, JUNKIN, MYERS
& BUFFONE, Chartered
1607 New Hampshire Ave., N.W.
Washington, D.C. 20009
(202) 234-9000

March 8, 1989

* Counsel of Record

APPENDIX

APPENDIX

August 21, 1986

The Honorable
Thad Cochran
326 Senate Russell Office Building
Washington, D. C. 20515

Dear Senator Cochran:

I write in response to your request for Copyright Office review of S. 2330—the "work for hire" bill that you introduced in the second session of the 99th Congress.

The Office applauds your effort to help the artist get a fair shake and generally shares your view that the purpose of the work for hire provisions of the Copyright Act is to protect the rights of authors and creators while providing to publishers the usage rights their financial and editorial support warrant. The relationship between creators of copyrighted works and the entrepreneurs who disseminate the works is a significant matter of continuing concern.

I will summarize each section of the bill, and then comment on the change it would make in the existing law.

Works By Employees

First, S. 2330 proposes to substantially narrow the definition of "employer" in § 101(1) of the Act. That section presently states that a "work made for hire" is "a work prepared by an employee within the scope of his or her employment." 17 U.S.C. § 101(1) (1976). The bill would add the following requirements: the employee must receive all employment benefits due under state and federal law, and the employer must withhold taxes from such payments to the employee and pay them to the Internal Revenue Service.

The Copyright Act does not define when a work is made by "an employee within the scope of his or her

employment;" instead this is left to private contractual relations and the general law of agency. However, the employer has been considered the author of works made for hire since before the 1909 copyright law. Copyright Law Revision Study 13, S. Judiciary Comm. Print (1960). In any event, the crucial question in determining an employment relationship for purposes of "work for hire" is whether the employer has the right to direct and supervise how work is performed, and not the nature of compensation paid to an employee. *See* 1 M. Nimmer, *Nimmer on Copyright* § 5.03(B) (1985 ed.).

The work for hire provisions of the current Act are the result of a very thorough, comprehensive consideration of the relative positions of creators and disseminators of copyrighted works during the general revision of the law. Particularly during the mid-1960's and again in 1975, the arguments for each side regarding presumptions of ownership were aired fully. The historic standard of the right to supervise and determine the final work would seem the best guideline for regulating employer-employee rights. Moreover, the proposed definition would seem to create loopholes: neither foreign creators nor creators who "work" for voluntary societies appear to be covered. Who owns the copyright in such works? Their number is not insignificant. On balance, with only eight years of experience under the 1976 Act, neither the existing commercial practices nor the judicial decisions including *Aldon Accessories, Ltd. v. Spiegel, Inc.*, 738 F.2d 548 (2d Cir. 1984) justifies this marked departure from a guideline that has been part of our copyright laws for almost 100 years.

Commissioned Works

Second, the bill would substantially limit the categories of works which could be considered "made for hire" based on being specially ordered or commissioned. Indeed, the sole remaining category which could be specially ordered or commissioned as a work for hire would be works used as part of a motion picture.

The present law includes, in § 101(2), contributions to collective works, parts of a motion picture or other audiovisual work, translations, supplementary works, compilations, instructional texts, tests, answer material for tests, and atlases. The Copyright Act attempts to balance the competing interests of both creators and disseminators of specially ordered and commissioned works and provide safeguards for both. The specific categories of commissioned works that may be considered "made for hire" were arrived at only after extensive debate and represent considerable compromise. *See* H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 121 (1976). The proposed bill would upset these compromises by excluding categories other than works used as part of a motion picture. It could also create confusion by separating motion pictures from audiovisual works, a category that presently includes motion pictures as well as other works that consist of a series of related images intended to be shown by the use of projectors or like devices. This separation is not made elsewhere in the statute.

When Must a Work For Hire Contract be Signed

S. 2330 proposes amending the law to require that before a specially ordered or commissioned work is considered "for hire," the parties must agree on this for each such work in a separate written instrument signed by them prior to commencement of any work.

Section 101(2) of the current law states that any of the designated categories of specially ordered or commissioned works may be considered a work made for hire "if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire." Although the law does not specify a time frame within which work for hire agreements must be signed, it was clearly the drafter's intent that

such agreements should not be permitted after the work was completed. Thus, in principle the Office would support a clarification that would confirm the original intent of the Act. However, we believe the specific proposal in S. 2330 unnecessarily restricts the scope of commissioned works for hire by providing that once "any work" has begun, the resulting work could never be considered a commissioned work for hire. Conceivably, an idea or theme would be enough work to prevent the ultimate result from being considered a commissioned work for hire.

In our view, a more appropriate amendment to accomplish the intended purpose would foreclose creation of a substatnial part of the work before execution of the written agreement, if the work is to be deemed one made for hire.

Joint Work

The bill would amend the definition of "joint work" in § 101 of the Act, by requiring that for a specially ordered or commissioned contribution to be considered part of a joint work, it must meet the existing definition and for each such contribution the parties must agree in a separate written instrument signed prior to commencement of any creative work that the resulting work shall be considered a joint one.

The current law defines a joint work as one "prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." The presumption of joint authorship for works qualifying under the definition is beneficial to authors because it gives them co-ownership rights as to the entire work. Section 201(a), 17 U.S.C. The proposal in S. 2330 seems contrary to the interests of many authors, since, in the case of commissioned works, it would create another condition—a written agreement executed prior to commencement of any work—before a work could be regarded as a "joint

work." As drafted, this provision impacts all specially ordered or commissioned contributions, whether they are "works made for hire" or not. If the contribution is not one for hire, it seems clearly against the author's interest to create an added hurdle to treatment as a joint work. Moreover, the duration of copyright in a joint work *not made for hire* continues for fifty years after the death of the last surviving author. By contrast, the copyright in a work made for hire endures only for the shorter term of seventy five years from publication or one hundred years from creation.

The Office would not support the introduction of a new presumption that two or more works are separate unless the parties agree otherwise in a separate written instrument signed prior to the commencement of any work that they are intended to be joint works. Moreover, for the reasons stated above, the Office believes that it would unnecessarily restrict the concept of joint works by providing that once "any work" has begun, the resulting work could never be considered a joint work, absent the proposed written agreement.

Contributions to Collective Works

The bill further proposes amending § 201(c)—which now provides that copyright vests initially in the author of a separate and independent contribution to a larger work—to include contributions to compilations, supplementary works, instructional texts, and parts of audiovisual works other than motion pictures.

Section 201(c) of the present law addresses a problem peculiar to periodical and collective work publishers. These publishers annually deal with hundreds or perhaps thousands of contributions by individual authors. To require a written contract for each transaction that would give the publisher merely the right to publish the work would create a paper nightmare. Therefore, if a publisher of a collective work needs only the limited

rights provided in section 201(c), no written agreement is required. Section 201(c) specifically provides that absent an express transfer of copyright, "the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series." Inherent in this provision is the principle that the copyright in an individual contribution is separate from the copyright in a collective work. Absent an employment for hire agreement, or other contractual arrangement, the owner of a collective work is presumed to acquire only first reproduction rights and the right to reproduce and distribute the contribution as part of a revision or of a later collective work in the same series.

The bill would give contributions to compilations, supplementary works, instructional texts and audiovisual works other than motion pictures a new statutory presumption, similar to that in § 201(c), that, absent other agreements or transfers, the owner of copyright in the larger work acquires only the right to reproduce and distribute works as part of the larger work and any revisions of it.

Further, the bill would require that a transfer of an author's work in one of the categories in § 201(c) "not exceed the rights which the transferee reasonably anticipates exercising."

The Copyright Office's believes that this proposal is inequitable to publishers who assume the substantial financial risks of publishing and marketing copyrighted works. While it applies only to limited categories of works, and its intent to prevent unconscionable contracts is admirable, it is perhaps better left to the marketplace to negotiate publishing contracts.

Ownership of the Physical Work of Art

The bill would amend § 202 of the Act to state that, in a work for hire agreement, property rights in any material object would not pass to the employer or commissioning party in the absence of a written agreement expressly conveying these rights.

Section 202 now reflects the traditional copyright law presumption that the author—including the employer in the case of works made for hire—owns distinct property rights both in the physical property and the literary or artistic property. This is a fundamental principle of the Copyright Act.

If the bill's amendment were adopted the "author" of works made for hire (i.e. the employer or commissioning party) would be required to obtain ownership of both the physical work and the copyright in order to exploit the work. Otherwise, he or she might be held to common law bailee duties with respect to the physical object. The amendment would also blur the § 202 distinction between physical and intellectual property, leaving unclear what rights of use are enjoyed by the owner of the physical property of a copyrighted work.

Termination of Transfers and Licenses Granted by the Author

Finally, the bill would amend § 203(a)(3) of the Act, for works in § 201(c), to allow partial termination during a five year period after three years from the date of execution of the grant. The termination would apply to any usage permitted under the grant, not exercised by publication, except that a title published within the three year period could be republished in an original or revised version of the particular title. Neither the effectuation nor the failure to effect a partial termination would restrict the author's right to a complete termination under § 203.

The Office believes that the clearance and reprint right procedures for publishers, who commonly utilize "work for hire" agreements, would be vastly complicated and business practices would have to be drastically altered. Even more problematical is the practical nullification of all-rights publishing contracts by the three-year exercise proviso. If a publisher, for example, published a work but failed to sell foreign rights within three years, the author could terminate that portion of the grant not exercised by publication and grant foreign rights to another publisher; the original publisher would lose the benefit of the bargain for which it had paid. This could result in a major change in existing business practices where the publisher usually acts as a clearinghouse for subsidiary rights, often on behalf of the author. By creating added problems of clearance, it would adversely affect educators and other users. Finally, the Copyright Office suspects it might ultimately prove to be an unintended detriment to authors, for publishers would undoubtedly pay less for purported all-rights contracts knowing that some rights might be terminated. Moreover, publishers would have little incentive to assume the financial liability of promoting the sales of subsidiary rights given the risk that publisher benefits from such sales might be lost if negotiations were not successful within the relevant time frame.

Conclusion

Because the bill would alter the author-employer balance that Congress struck after much legislative debate in the 1976 Copyright Act, the Copyright Office would not support it at this time. Even without legislative change, the courts now have the power to accomplish many of the objectives of S. 2330. I would urge that they be given a few more years of experience under the new law to work out the glitches and eradicate any lingering injustice.

The Office continues to be concerned about reported abuses of the present law's for-hire provisions, but S. 2330 would severely interfere with private employment contracts and would place publishers and other exploiters of copyrighted works under severe constraints in marketing their works. In addition, users who traditionally seek reprint permission from publishers would be faced with the all but insurmountable task of tracking down individual authors for permission or risking copyright infringement. These drawbacks for all authors outweigh the sympathies felt for individual authors who lack the bargaining power to resist isolated unfair publisher practices.

On the other hand, the proposal to clarify the point in time when a work for hire must be signed is useful in principle. The Office would be pleased to continue to work with your staff in developing an appropriate text.

Yours truly,

/s/ Ralph Oman
RALPH OMAN
Register of Copyrights